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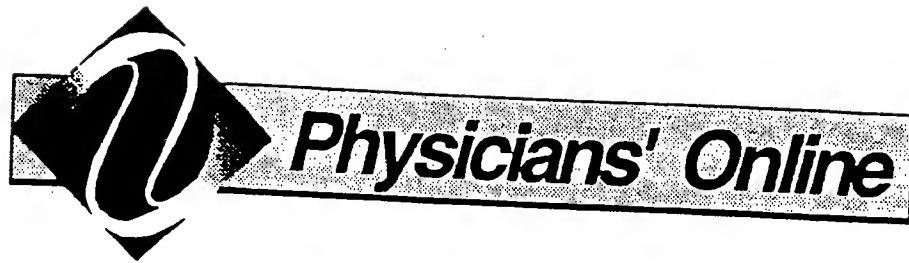
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~~Meeting~~

Handout

Christian Mayaud, MD
Chief Executive Officer

Terrill Burnett
Chief Marketing Officer

PHYSICIANS' ONLINE, Inc.

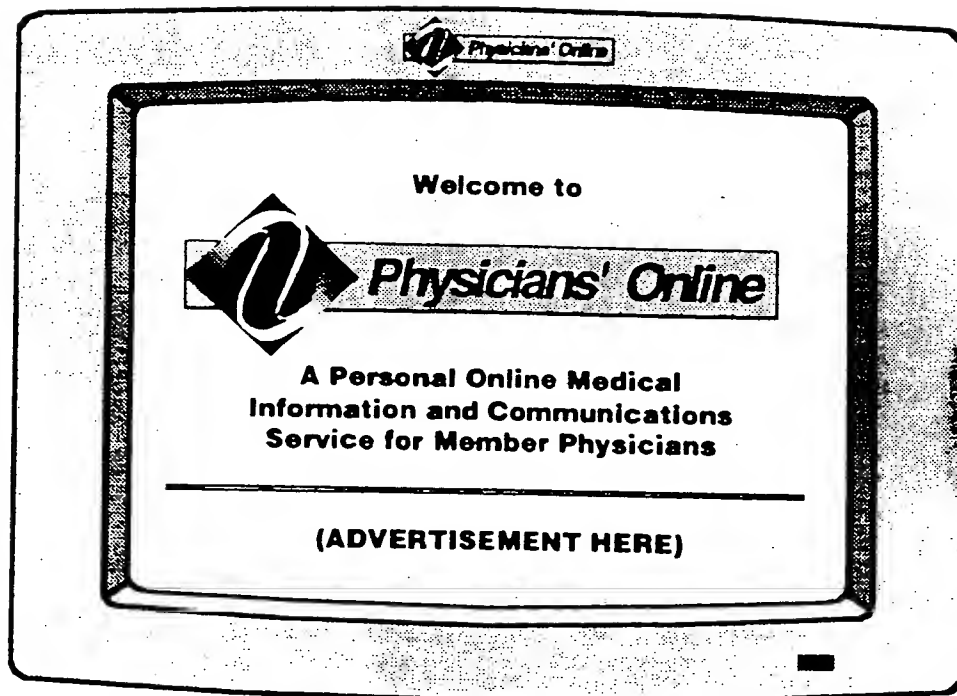
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THB 08060

"The success of managed care will probably depend on the ability ... to influence physicians' choices in the direction of increased value."

-- John K. Iglehart. Managed Care. *N Engl J Med* 1992; 327: 742.

THB 08061



I - The Executive Summary

Physicians' Online is a personalized online medical information and communications service dedicated to empowering physicians with the tools essential to advance the quality and control the cost of health care through informed decision-making.

Physicians' Online ("Company") is an innovative new electronic medium designed to evolve into a comprehensive national medical information and communications network servicing the entire health care industry. The Company's online information products and communication services provide physicians with powerful tools to manage Medical Knowledge, Prescriptions, and Patients. *Physicians' Online* provides a distribution outlet for third-party produced information products and services. *Physicians' Online* also provides valuable proprietary information services to other industry participants including managed care organizations and the pharmaceutical industry.

Phase I - Medical Knowledge Management

Online medical information and communication services which are readily accessible and free of charge to member physicians through optional online advertising support. The Company has assembled the most powerful, yet user-friendly, collection of medical information tools available from leading third-party sources. The core information products target three key areas of identified information need, including medical literature (MEDLINE), medical diagnosis (QMR), and drug information (USP). *Physicians' Online* is being developed in cooperation with major medical societies, pharmaceutical manufacturers & marketing organizations, hospitals, managed care organizations, and leading technology & third-party content providers.

Implementation: 1993 through 1994

Phase II - Prescription Management

Online prescription fulfillment and cost containment programs made possible through the use of "Smart Electronic Prescription Pads" (PDAs). This network is being developed in cooperation with managed care organizations, hospitals, pharmacists, pharmaceutical distributors, leading technology providers, and other health-care participants.

Implementation: 1994 through 1996

Phase III - Patient Management

Online patient information for efficient retrieval and transaction processing resulting in enhanced clinical and administrative efficiency and cost-containment. This network is being developed in cooperation with corporate employee benefits programs, private health insurance carriers, out-patient laboratories, electronic claims processors, installment credit organizations, hospitals, and other health care participants.

Implementation: 1995 through 1997

The Company's competitive advantage is based on its ability to attract physician use. Founded by practicing physicians with extensive experience delivering practical information products to busy clinicians, the Company has developed a market-driven product strategy designed to win maximum professional acceptance and use. The Company is establishing critical strategic alliances with leading participants in every major health care market segment. The Company is currently working with several leading content and service providers to develop new products and services for this expanding multi-billion dollar market opportunity.



Physicians' Online: 5 Year Plan

To empower physicians with the tools essential to advance the quality and control the cost of health care through informed decision-making.


	Phase I	Phase II	Phase III
	0-2 yr	1-4 yr	3-5 yr
Time Frame	Medical Knowledge Management	Prescription Management	Patient Management
Essential Tool	Physicians' Online	Pharmacists' Online Pharm Reps' Online Formularies Online Managed Care Online	National Health Card Network
Potential Membership	500,000 physicians 10,000 pharmaceutical execs	300,000 physician offices 100,000 pharmacies 50,000 drug reps	250 million patients 10,000 hospitals other health care participants
Core Markets	MEDLINE Rx Micromarketing	Prescription Fulfillment Rx Cost-Containment	Patient Administration Cost-Containment Programs
Market Size	\$50 million / \$7 billion	>\$70 billion	>\$500 billion
Market Size/MD	\$1000 / \$15,000	>\$150,000	>\$1,000,000
Secondary Markets	<ul style="list-style-type: none"> Clinical Databases Decision-Support Tools News & Financial Services Special Interest Forums other areas of identified need 	<ul style="list-style-type: none"> Home Care Managed Care Formularies Pharmacy Network "Electronic Detailing" & Rep Support 	<ul style="list-style-type: none"> Electronic Patient Record Outpatient Laboratory Transactions Patient Health Maintenance
Main Revenue Sources	<ul style="list-style-type: none"> Pharmaceutical Advertising Pharmaceutical Micromarketing Information Membership & Usage Fees 	<ul style="list-style-type: none"> Prescription Processing Micromarketing Information Membership & Usage Fees 	<ul style="list-style-type: none"> Patient Transaction Processing Communication Services Micromarketing Information Membership & Usage Fees
Competitive Advantage	<ul style="list-style-type: none"> "Medical Info Vending Machines" Sophisticated MD Targeting ("Ad Wizard"/"Smart Ads") Installed Terminals, PDAs, & PCs Computer-Sophisticated Members Medical Society Support Pharmaceutical Industry Support Third-Party Office Systems Support Pharmaceutical Executives' Online User-Friendly Interface Proprietary Text Retrieval Software Proprietary Psychometric Mktg Data 	<ul style="list-style-type: none"> "Smart Electronic Prescription Pads" (PDAs) Installed Terminals, PDAs, & PCs Automated Prescriber Assistance Programs Proprietary managed care applications National Electronic Formularies Proprietary Prescriber Profiling Patient Prescription Profiles Proprietary Psychometric Marketing Data 	<ul style="list-style-type: none"> "National Health Card" Installed-base of diverse POS/PON entry-points linking integral industry participants Electronic Patient Transactions Network Third-Party Office Systems Support Hospital Systems Support Cellular Communications link to Physicians
Strategic Alliances	<ul style="list-style-type: none"> Medical & Professional Societies Pharmaceutical Companies Pharmaceutical Marketing Cos Prescription Data Marketing Companies (IMS/ MMG/ PMS) Third-party Content Providers (NLM/ Camdax/ USP) Medical Office System Companies Technology Providers (CompuServe/ Sybase/ Conquest/ Coconut/ Apple/ Sun/ HP/ Cube) 	<ul style="list-style-type: none"> Prescription Fulfillment Companies (Medco) Pharmacies/Pharmacist Societies Managed Care Organizations HMOs/ PPOs/ IPAs Hospital Chains Hospital Formularies Corp Employee Benefits Programs Medical Office System Companies Technology Providers (AT&T/ Apple/ EO/ Motorola/ HP) 	<ul style="list-style-type: none"> Corp Employee Benefits Programs Private Health Insurance Carriers BC/BS/Medicaid/ Medicare Out-Patient Labs (MetPath/ BioScience/ SKF/ NHL) Outpatient Testing Companies Installment Credit Organizations Electronic Claims Processing & Clearing Houses (NEIC/ EDS) Medical Office & Hospital Systems Companies
Critical Technologies	<ul style="list-style-type: none"> Systems Integration of existing hardware & software technology Packard Data Network technology Simple Text Retrieval Software Third-party Content Development 	<ul style="list-style-type: none"> "Personal Digital Assistants" (PDAs) Data network technology Proprietary PDA applications development Personal Info Management (PIM) 	<ul style="list-style-type: none"> Systems Integration Proprietary patient administration & cost-containment applications development Cellular data network technology
Infrastructure Milestones	<ul style="list-style-type: none"> 150,000 physician members 5,000 hospital members 5,000 hospital-based terminals 5,000 PDAs in Physician Offices 150,000 additional POL software installations 	<ul style="list-style-type: none"> 300,000 physician members 10,000 hospital members 20,000 hospital-based terminals 100,000 PDAs in Physician Offices 10,000 mobile PDAs 500,000 additional POL software installations 	<ul style="list-style-type: none"> 500,000 physician members 10,000 hospital members 50,000 hospital-based terminals 300,000 PDAs in Physician Offices 400,000 mobile PDAs 800,000 additional POL software installations
Infrastructure \$	\$10,000,000	\$50,000,000	\$250,000,000
Infrastructure/ MD	\$100	\$200	\$500

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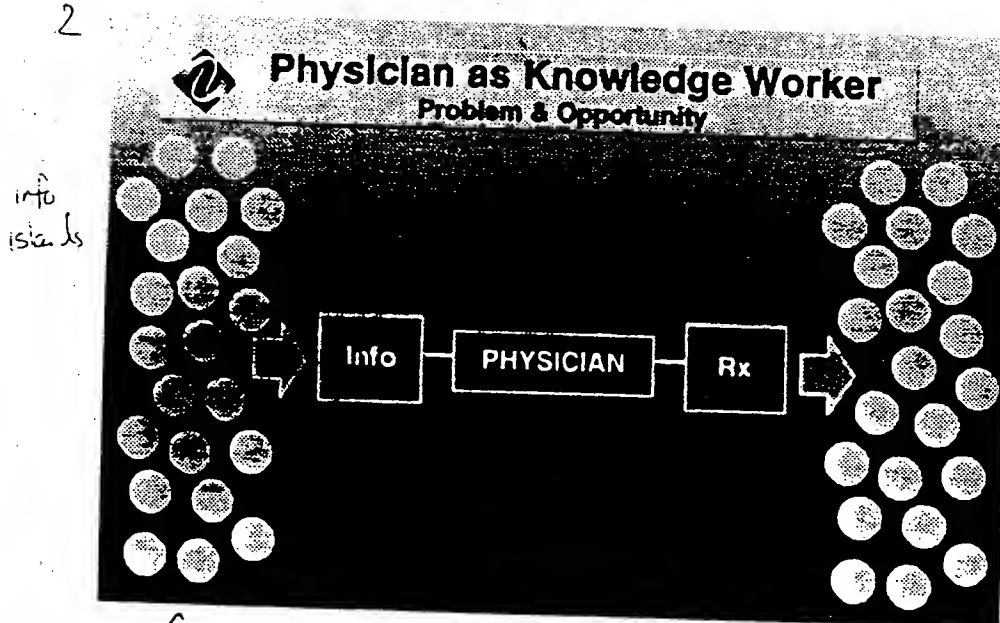
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Physicians' Online

A personalized online medical information & communications service dedicated to empowering physicians with the tools essential to advance the quality and control the cost of health care through informed decision-making.



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20-21-22 Jan 93

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3

PCs In Health Care

Barriers to Physician Use



Desk-bound
Document Processing

- Price
- Access
- Ease of Use
- Awareness
- Time

MO Access to
computers
Physician

← improving
← end of doc
use Medicine

4

The Real Cost of Knowledge

Time

- Convenient Access
- Ease of Use

Money

- Price

Minimize the Cost of Knowledge

← terminals, PCs
← NLP

← free.

← pay for info

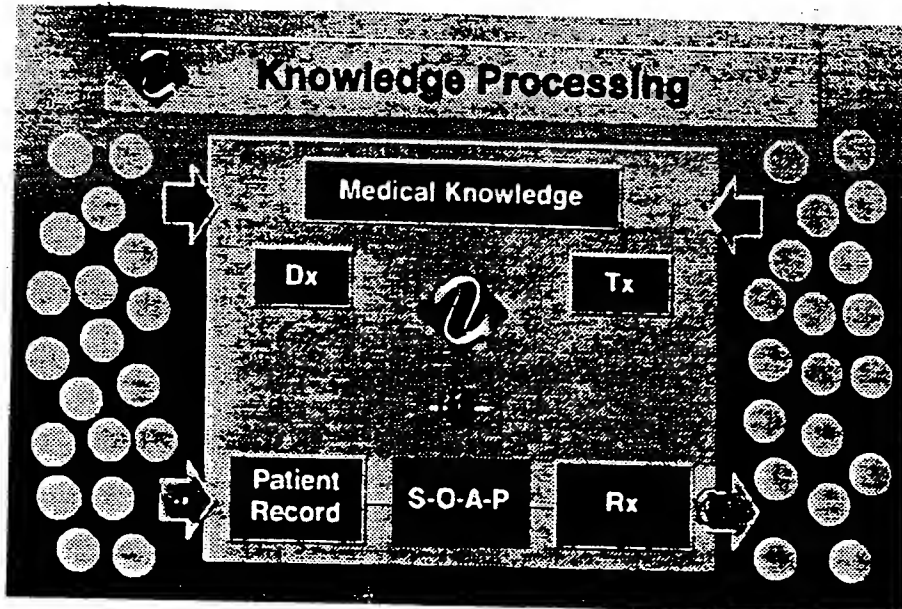
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3. Knowledge Processing

- Medical Knowledge
- Patient Records
- Patient Records

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5



3 tools

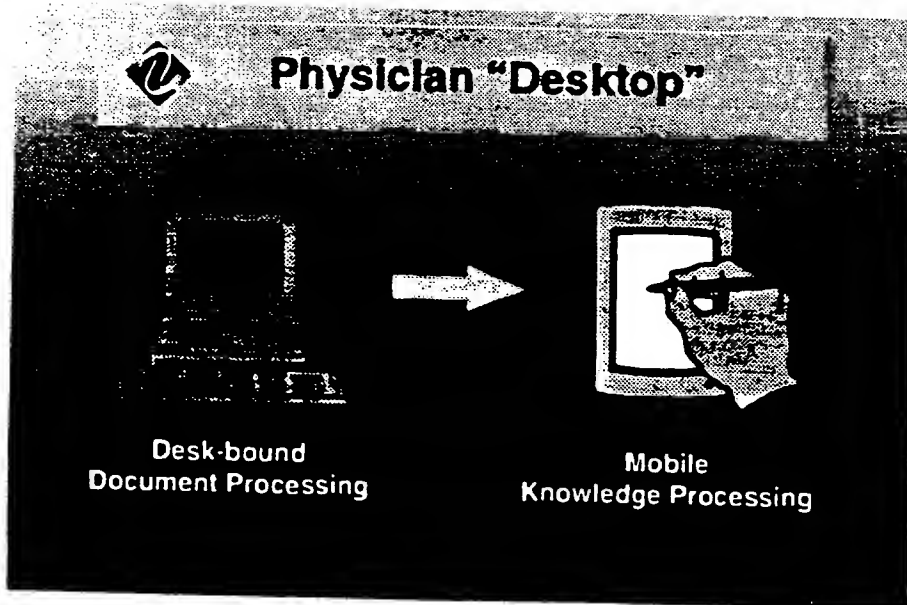
Tx = Treatment
The app
User interface

MD value added
Subjective
Objective
Assessment
Plan

Fulltime Mgmt

Prescriptions
Therapy
Order: written by

6



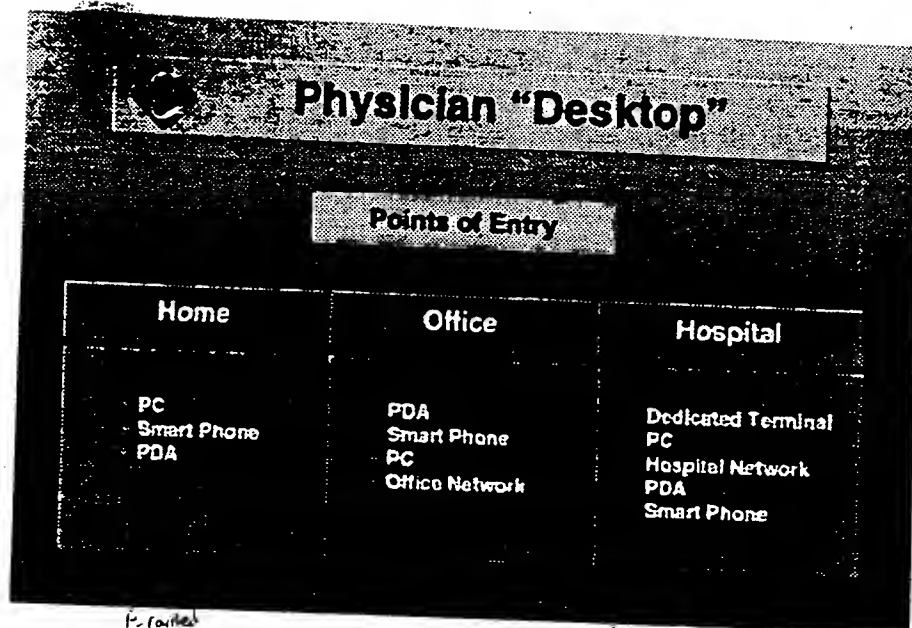
evolving
we're
moving

FLA

12 - 1993

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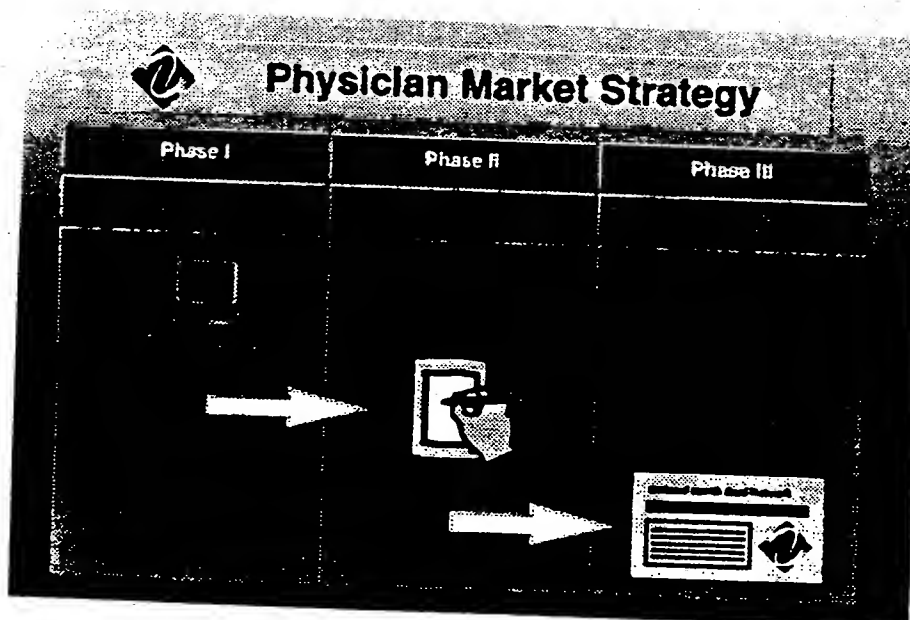
7



*Evolving Desktop.
The future
How to get MDs
to use
HW in the room
Access to
environment*

*P. Fowler
MNN*

8



*deliver the MC
to the network*

28-Jan-93

9

Strategic Alliances

Phase by Phase

Sector by Sector Cooperative Participation

Cooperative vs. Competitive

Market Growth vs. Market Share

Physician "Desktop" Control

First Mover Advantage

Physician Use "All or Nothing"

A-12

Medco
McKesson

MMS

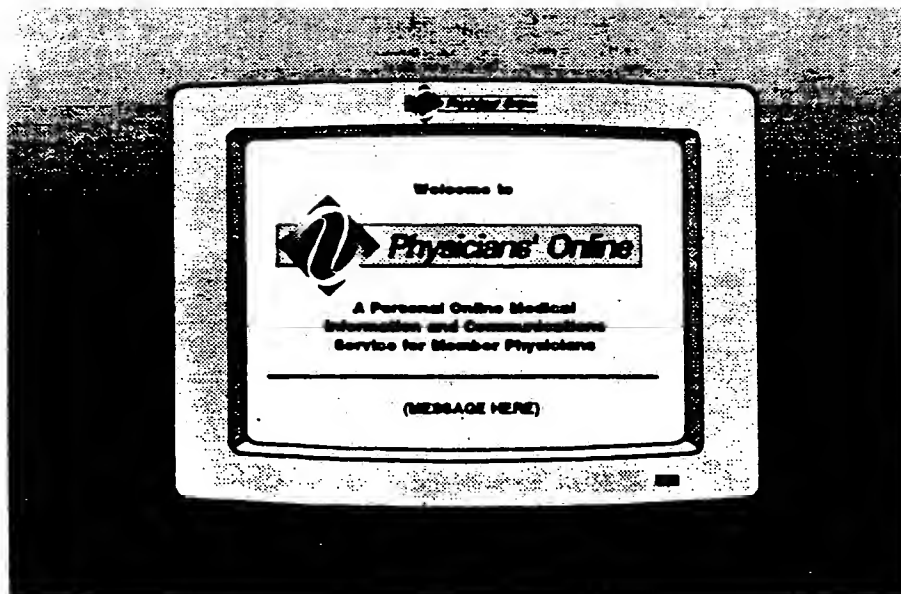
Conquest

Conquest

Conquest

efficient network

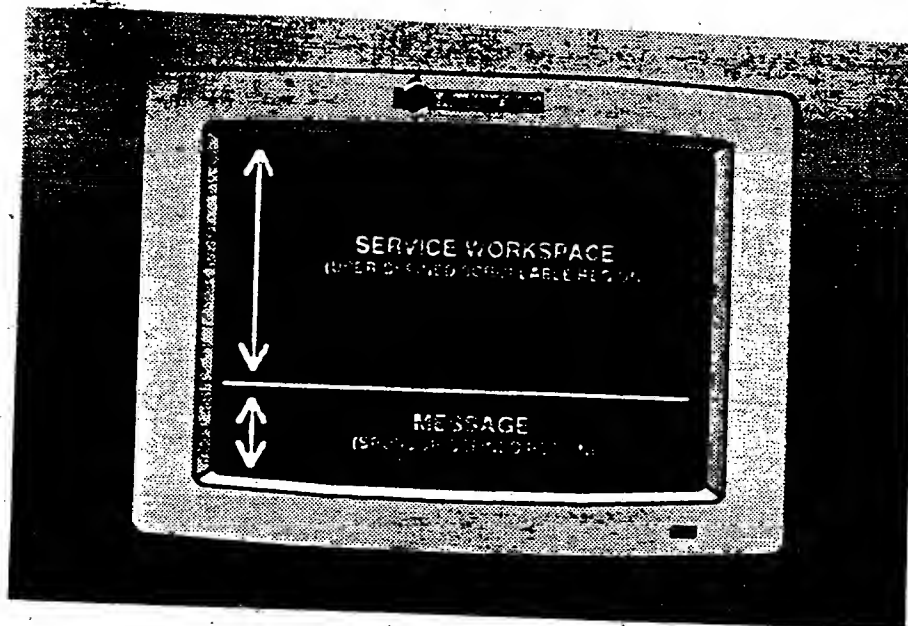
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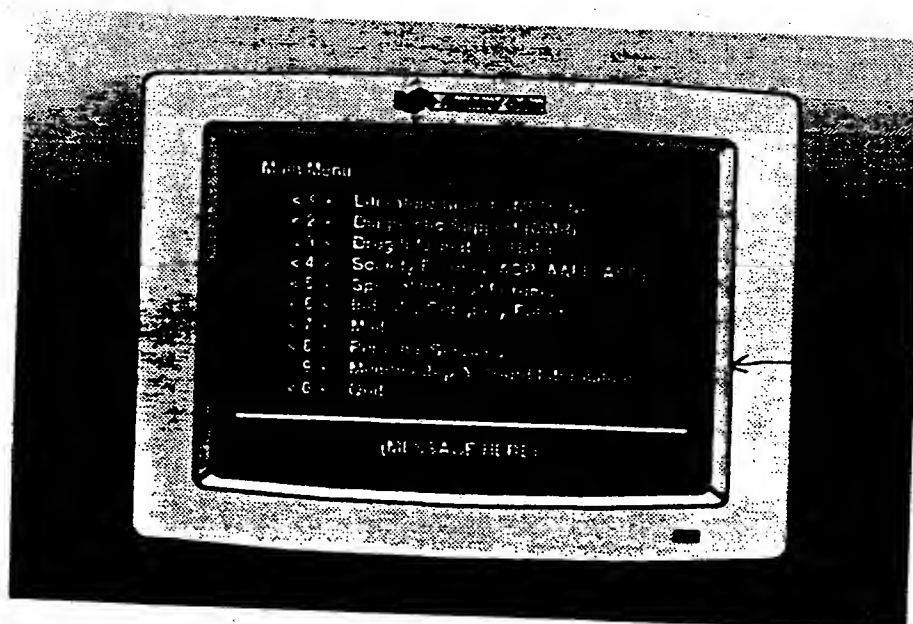
most sensitive

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$\frac{1}{8}$ screen

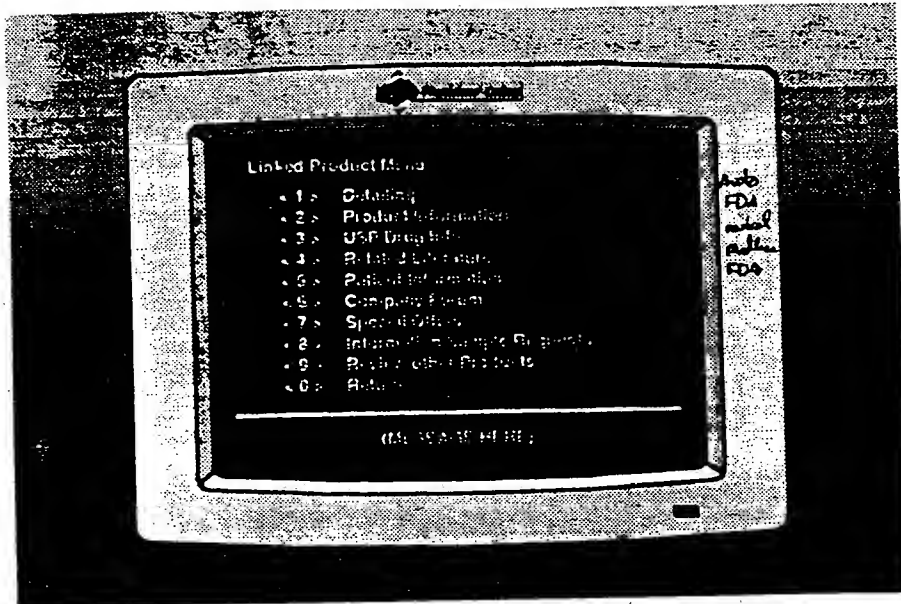


new screen
start notes

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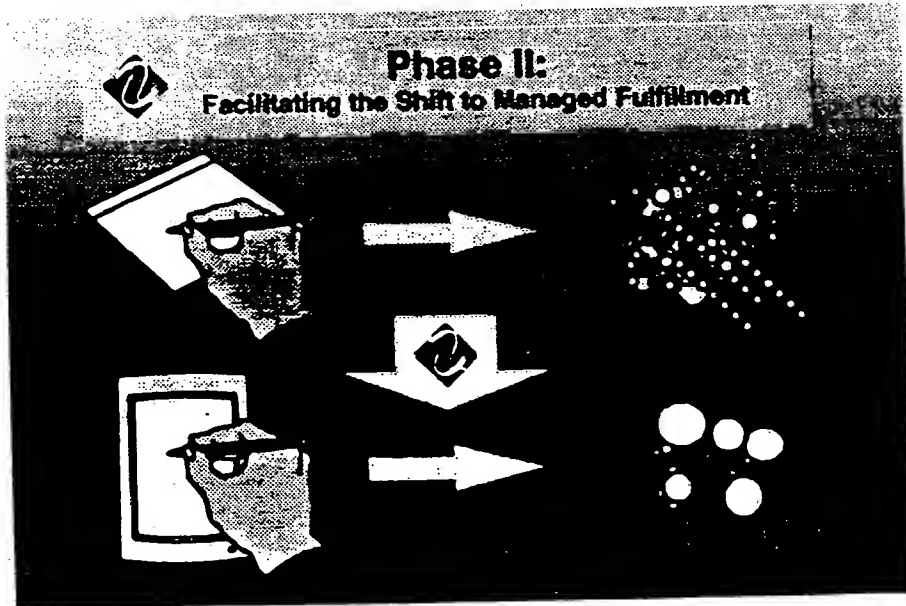
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13



See below
Auto. Interview

4



Point of Need
Point of Service
Point of Care

... success...
... alternative...

THB 08071

106 -

Forest
Species

Form size

Volume of knowledge

III - ...
... → ...

Physician Market Penetration

- "Physician-centric" Market Strategy
- Minimize the Cost of Knowledge

Market Development Technology-driven

- Systems Integrator of Existing & Leading Technology

Highly Profitable

Full Market Advantage

[illegible]

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